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FRACTIONAL CURRENCY COLLECTORS BOARD

FEBRUARY 2000 NEWSLETTER

FIRST NEWSLETTER

Yes, this is the first newsletter of the new year, century and/or millennium, however you look at things like that. I don't know and find it extremely amusing at the number of letters to the editor and other debates raging about it. If we put as much energy into our hobby as to the name debate, it would skyrocket! I hope all is well with everyone. Y2K turned into YOK. A lot of diligent preparation paid off well! As we enter into this new year/century/millennium, I challenge everyone to contribute to the hobby in some way! There was a recent letter to the editor in *BankNote Reporter* inquiring as to whether the SPMC was still alive. As a member (and future governor, I hope), I want to ensure you all it is alive and well, just suffering from what most hobby groups are—collector apathy! In this day and age of being so busy in professional and home lives, it is very difficult to fit a hobby in, especially being able to contribute. But, with advance planning, this is all possible. Plan now to exhibit at Memphis, to write an article or do a presentation for your local or state club, or just recruit one new member. Involvement from everyone is a must for any and all organizations to survive. 2000 is poised to be a very good year for our hobby. The annual meeting in Memphis will again be excellent, plan to attend. Also, our very esteemed President and Vice President recently spent a few days at the Smithsonian examining the National Fractional Collection. They made some incredible discoveries and cataloged much of the inventory. Both have promised me articles in the very near future. Doug-Tom—we all wait with baited breath! Yes, the year 2000 is shaping up to be an incredible year!

CHANGING OF THE GUARD

With the first sale of the new year, most of the old, mature, established collections which have made our hobby how great it is today have changed hands. Those wonderful notes that intrigue us have new homes and owners. I challenge each of you to make the most of your recent purchases. Be a true collector and not an accumulator! Exhibit them, write about them, show them—just don't squirrel them away until time for them to find new homes. Remember, when you want to sell your collection, two things determine the price; supply and demand. Supply is pretty

much set, so demand is what needs help. It is up to us, the old guard working with and encouraging the new guard to keep the hobby alive. Let's all work to that end!

F.U.N. SALE

Many of our members attended the recent FUN show in Orlando and the sale by CAA of the Mike Marchioni collection. It was a huge success and great notes changed hands to new collections and many new price levels were reached! Many of the notes found homes with our members. Congratulations to all and to Mike and CAA for a successful sale! Mike stated he had a very good sale and was pleased. He wanted me to include the following;

I'd like to express my thanks to Len and the folks at CAA for doing a wonderful job with my material. My consignments and those of other consignors provided collectors and dealers an opportunity to acquire some beautiful notes at whatever the market would bring--I had no reserves or buybacks. I was tempted to raise my bidder card on a few occasions, but resisted that temptation. I also would like to thank all those who participated in the auction and made it the success that it was. Special thanks to Milt and Joanne for driving up for the auction and also to my brother Vic, who provided me with the financial backing when I couldn't afford the cost of some of the higher priced notes.

OTHER FUN SALE

Almost forgotten at FUN was another sale of importance to all of us. Bowers and Merena auctioned a large collection of postage currency coins, many of which went to live with our members. New member, Dave Cassel did the write up for the catalog and is also finishing a book on postage currency coins that will be forthcoming. I will let you know about it in the next newsletter if I have the information.

OTHER F.U.N.

Besides the auctions, informal gatherings and the bourse, there were also two significant events at FUN. First John and Nancy Wilson presented their educational program on Spinner. Also, Bob Laub won not only first place in US paper money with his postage currency exhibit, he also won best of show. John Wilson also won second in paper money for his exhibit on Bulgarian notes and vignettes. Thanks John and Nancy and Congratulations Bob and John!

MEMPHIS EXHIBITS

Now is the time to start preparing those exhibits for Memphis. As always, the FCCB will be giving awards for the best three fractional exhibits placed. If you start now, you have plenty of time to do one! For more information, or for an exhibit application, contact the exhibit chairman, our own Martin Delger.

DUES ARE DUE!

Yes, dues were due in January. Please, send your dues to Dr. Lee in the enclosed envelope. Dues this year are \$15. Our group is small, so we have very little financial cushion to fall back on. We are very dependent on our member dues to be able to put out this newsletter and updates to the Encyclopedia and other information. Please don't wait, send your dues NOW!!!

MEMBER ADS

Some people have asked about placing ads in the newsletter. Be thinking about this! We will be talking about this in detail at our meeting in June in Memphis. Two types have been asked for—dealer ads and member ads. Please be thinking about if you want these in the newsletter and if so, what type of rules/restrictions will we need?

FRACTIONAL on the INTERNET

Seems there is a lot of fractional on the Internet of late. Much on EBAY and some really neat sites. One of our dealer members has a really neat site you may want to look at. Visit it at www.fractionalnotes.com.

NEW FINDS

For the first time in a long time, there seems to have been NO major new finds at FUN to be reported. However, there are three new finds found elsewhere to report.

First, was a note in the body of the August Lyn Knight Dallas auction. While it is not a fractional note, it has significance for us. Lot 865 was a Fr. 18a one dollar Washington note. Walter Breen cataloged it for the Pine Tree Auction '72-73. For those of you who may not know, Pine Tree is now R.M.Smythe. Breen described the note as "*Type of F-18, but not on the regular paper (blue regional stain); instead this is on paper watermarked USUSUSUS...with scattered fibers, as found on early 4th issue fractionals..*" If any of you have an F-18, check it!

The second discovery is a Fr. 1335, third issue fifty-cent Spinner note with a courtesy autograph of Hugh McCulloch in the white area above Spinner's head below "*FRACTIONAL CURRENCY*." It is a really neat note (no, I don't own it, but one of our members does). Unfortunately, the autograph is so light I could not get a good picture of it to put in the newsletter. Hopefully, I can get a scan or good picture of it for a future newsletter. Milt has assigned it Milton #3R50.20.

The last discovery is not a note, but an autograph. On EBAY, I recently picked up a letter on "*Office of the Assistant Treasurer of the United States*" in New York dated November 13, 1861. It is written by and signed by John J. Cisco. If you ask, "*Who was he?*" he was the same person who signed the permits allowing the purchase of Postage Currency as well as being mentioned on fractional notes. There are only two known of these permits, one from the Keusch collection and one from the Proskey collection. The latter was lot 475 in Milt's sale, the only piece in the sale that Milt did not own. Both have Cisco's name printed on them, but are not signed by him. I asked Milt and he said he had never seen another Cisco autograph. So, I guess I have something truly unique in my collection. At least unique for a short time. I recently found a patent receipt from the same office signed by Cisco as well. As you read this, that piece is in the hands of one of our members.

SPINNER LETTER

Many of you sent answers in about what the Spinner letter shown in the last newsletter said. Unfortunately, no one was able to definitely decipher what the most pesky word was, the one after the 28th in the first line. Two ideas were telling or letting. More work is definitely needed here.

TRIVIA QUIZ

No one submitted answers, right or wrong, to the trivia quiz in the last newsletter. Don't know if that was because you did not know, or did not read the newsletter! Anyway, the answers are below.

1. **What contribution did ex-Ohio Governor David Tod make to our hobby?** Believe it or not, he turned down President Lincoln's nomination for Secretary of the Treasury after Salmon P. Chase stepped down. This allowed for the appointment of William Pitt Fessenden, of third issue twenty five cent fame.
2. **Who called July 1, 1864 "one of the most miserable days of my life" and why did he/she say that?** If you could not guess by the information in the first answer, it was Fessenden. The story is truly a fascinating one! The long version will be in an upcoming article/research project on Fessenden. The short version is that when Chase stepped down on June 30, 1864, it was felt that Fessenden was the person who knew most about the country's finances. He was a Senator from Maine at the time and was the Chairman of the Senate Finance Committee at the time of Chase's resignation. He went to the White House on the morning of July 1, 1865 to discuss replacing Chase with President Lincoln. He favored Hugh McCulloch to succeed Chase. Ironically, President Lincoln was finishing a letter recommending Fessenden as Secretary when he arrived. Lincoln had his secretary take the letter to the Senate before he saw Fessenden. After a short discussion of potential successors, Lincoln stated "*I have already sent your name in nomination.*" Fessenden begged Lincoln to recall it, as he did not want an executive office or to leave the Senate besides feeling that he was too ill to take on the job. He rushed from the White House to the Senate chamber but arrived too late. The Senate had already unanimously confirmed him. Due to all the people congratulating him and imploring him to save the country and receiving congratulatory telegrams, he could not complete a letter declining the position until late that night. When he finished the letter and took it to the White House, President Lincoln was asleep. He returned the next morning, but Lincoln refused it saying "*Providence has pointed out the man for the crisis, none other could be found and I had no right to decline!*" When he told President Lincoln that he felt the job would kill him, President Lincoln said, "*Very well, you cannot die better than in trying to save your country.*" So, Fessenden became a very reluctant, but effective Secretary of the Treasury.

ATTACHMENTS

1. Alphabetical member listing showing 185 members.
2. Presidents columns.
3. Cisco letter and permits.
4. President O'Mara's work on Fractional Currency inverts.
5. Lyn Knight sale note.
6. Preface to Bowers sale of Postage Currency Coins.
7. Coin World article on Postage Currency Coins.
8. Article on private companies printing Fractional Currency.
9. Two BankNote Reporter articles on counterfeiting by Brent Hughes.

A JANUARY 2000 MESSAGE FROM THE PRESIDENT

Hello everyone and Happy Y2K.... Well it appears as if all the hoopla over this seminal event has come and gone and the highlight for me was that my laptop still appears to be functional. I guess the pundits can claim they were so well prepared that all the potential snafu's were caught ahead of time. Well, we will see and time will tell, but I know somewhere out there a Y2K bug must have infected something!!!! The good news is that numismatically speaking (and fractionally specific) this year 2000 rollover has gone without a hitch... or did it? I just returned from the FUN convention January 7th and 8th and it was another stellar numismatic event. The odd behavior of paper money collectors (possibly due to the Y2K effect—and yes maybe this was the glitch everyone was predicting) was highlighted by a record setting auction price realized for a piece of paper money. The cover note of the Currency Auctions of America FUN catalog was a \$1000 Gold Note, and yes it won the coveted prize for setting the record price of \$935,000. Although the jury is still out as to whether this was in effect a Y2K glitch where some computer somewhere spit out an extra zero OR more probably just a glimpse of things to come in this almost new century. There is a lot of banter in the numismatic (as well as the regular press) as to when the century/millenium actually begins/ends/who cares that I must be careful here lest I get zapped by our editor for misrepresentation somehow.... Nevertheless, I will take a stab and claim that it hasn't occurred yet and in fact begins January 1, 2001 -- but that's just my interpretation. In fact this interpretation is one which got me into hot water when I announced it inadvertently at a lavish millenium party held this past New Year's Eve.... The problem was -- someone very near and dear to me (read spouse) was hosting this soiree and therefore you now know why my timing was deemed inopportune!!!!

Well, enough of my babble and maybe I can focus a bit and reflect on the fractional world. I believe that our last newsletter was a blockbuster and have had many fine comments made about the depth and breadth of that publication. Editor Benny Bolin really outdid himself with that one and I know he has high aspirations for the rest of this year. You may have noticed the number of contributing writers has increased significantly and I would really like to thank those who have taken the time to put pen to paper and share their ideas, finds and sentiments with us. I don't know where else you could find that information so again thanks to the contributors and to all the rest of us who benefit, please send in what you know or can to Benny so that we can keep this up. There are nearly 200 active members, and if 4 or 5 can make that last newsletter a real blockbuster, than imagine what it would be like with another 5 or 10????? Benny would really have to get out the scissors.... So let's try him!!!

There has been a real bustle of activity in the auction markets of late and much of it had to do with fractional collections. I believe those who attended the FUN convention could testify to the fact that the Mike Marchioni Collection of U.S. Postage and Fractional Currency was of impeccable quality. Those who got a chance to view these notes alone received a primer in condition. For the enthusiastic bidder who acquired the notes went the riches, as I am sure they will be treasured in various collections for years to come. In conjunction with Mike's collection, CA of A auctioned off a Midwest collection which also held many prize rarities. Only a few days later in New York City, Stack's auctioned off fractional notes from the David Proskey collection and from the Ford Family Trust.

Again, there was a real depth of material offered, and some true rarities were sent to new homes. The interesting point about all these sales is the number of new faces buying. There have been many key collections of fractional sold in the last few years and those who parted with them (and were once considered the main fractional players) have had a whole new group of collectors step in and acquire these great numismatic pieces. I think it is a very healthy sign that there is a new generation of interest in this hobby and am happy for those who are actively participating in it. It is a real joy and we are fortunate to have the time and ability to enjoy it.

As always, I am sure that much is going on with our fellow collectors of whom we know little, so if there are any reports of any significant finds or events please feel free to write Benny or myself so that we can share it with our fellow FCCBers. There are a number of other recent events that are written up elsewhere in this newsletter, and I believe this heightened level of activity will continue for some time to come. So welcome year 2000 and good luck to all FCCBers in their fractional endeavors this year! And remember – prepare for MEMPHIS now!!!!!!

Fractionally Yours

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FRACTIONAL THOUGHTS

JANUARY 2000

Unfortunately, I haven't received any fellow FCCBers FRACTIONAL THOUGHTS since the last column, so you will have to bear with me once more, and hear mine. As you all know, the fractional field is abuzz with activity as much now, as ever... it seems. With all these great auctions and lots of new rarities on the market, a lot of new collectors and FCCB members are really getting to enjoy the new found fruits. This is good news and as the new owners of these pieces take a look at there notes, they may come up with a FRACTIONAL THOUGHT or two..... Please pass them on, we are all interested.

In the last newsletter, Bob Laub reported a neat new find based on very close inspection of a proof note. It appears that some of the lettering on his note was backwards whereas on a normal note it is not. We should all check our proof and regular issue 5th issue 50 cent Crawford reverses and look at the photos of Bob's find and compare. Either the error was detected and the plates were changed for regular issue printing, or there are some issued notes out there with this error.

Did any FCCB'ers get a chance to make the SPMC meeting at Memphis '99? There was a great presentation by Jim Hughes from the National Numismatic Collection (NNC) at the Smithsonian Institution. You all may have heard about it, or caught some of the press coverage. It was a great slide presentation about National Bank Note "**Plate Proof Impressions**" and one which he and noted National Bank Note researcher Peter Huntoon redelivered with many actual examples at the Fall Washington/Baltimore Suburban Coin Show. Basically, the BEP had made a **Plate Proof Impression** of each plate created to make National Bank Notes. So when a plate was approved, finalized, and ready for production, the BEP printed a proof sheet of that plate on a much heavier (Bristol Board?) card and kept this as a permanent record of the plate. So I sat there listening in awe at the fact that all these perfect proof sheets where still in existence. Sometime back in the early 1970's, the BEP transferred all of these sheets to the Smithsonian Institution's National Numismatic Collection. Enamored with Jim's presentation, I spoke with him briefly about this great holding at NNC and he asked me about fractionals. As you may or may not know, the NNC has a great fractional collection that was donated to them back in the early 1960's by the Estate of Mr. H.K. Crofoot of Moravia, New York. Many of the notes in this collection came from Mr. Thomas Cunningham who was a friend of Treasurer Francis E. Spinner – yes the "Father" of fractional currency and the previous owner of many of the notes. Jim asked me to come down and look things over for him which I gladly accepted, and I brought along another pair of fractional eyes in the form of FCCB Vice-President, Doug Hales. Not only did we find some amazing pieces (although not quite in top condition), but we were astounded to find – hope you guessed it – **Fractional Currency Plate Proof Impression Sheets!!!!!!** Neither of us had heard of these before, although clearly other fractional researchers had been there and know of them. Martin T. Gengerke had photos of them in some articles he wrote in SPMC's *Paper Money* magazine back in the early 1970's and Milton R. Friedberg has some of them listed in his *Encyclopedia*. The great news is that there exists a vast resource for future research and articles that Doug and I are currently working on. We are having many of the notes and proof sheets photographed (as I write) and will soon be receiving them. From that point we will disseminate much of the information as quickly as possible. So keep your eyes tuned and hopefully we will have a lot to share shortly... Also, don't fret..... being that it is in the NNC, none of it will ever be sold. So if you have a Bristol Board Note, don't worry, it is still going to be a rarity, but do realize that

someone probably squirreled it out of the BEP sometime long ago for we saw the sheets which had those notes cut out of them!

I was the fortunate bidder in the CA of A FUN 2000 sale for the 3rd issue, 5 cent, Fr 1236, Clark, red back, block of four notes. The neat thing I discovered was when I brought it home to put with my other Fr 1236 vertical pair. These 3rd issue multiples aren't that common, but a few have shown up recently due to the sale of some long held collections. I acquired my vertical pair a few years back from another CA of A sale (the Frank Harris Collection). The block of four has penciled handwriting on the reverse that was normally used by old time collector Mr. M. Burgett. The reverse top right corner has C-10d, which is a Valentine #. Isn't it odd that Valentine cataloged a red back block of four as a separate note with it's own #? Just an odd thing given their rarity level, so maybe Valentine cataloged his own collection or some fellow collectors and gave each piece it's own number. The next listing in Valentine is a C-10e, which is a complete sheet of twenty Fr 1236 red back Clark notes (the sheet is 4 vertical x 5 horizontal). Remember the 1st column has the position indicator "a" notes. Well, I bring all this up because on the back of my block of four, there is a plate number (#2) along the left edge of the reverse, additionally on my vertical pair there is a small trace of a plate # along the right edge of the reverse. Upon further examination, when the two blocks are placed together, it appears as if they were once attached. Given the rarity of blocks of four Clark red backs combined with the Valentine listing and the Valentine # being written on the back of mine, I originally felt that my block of four must have been from Valentine's collection or a fellow collectors. It is well known that the pencil writing on the back of many notes which usually includes a Valentine # and lettered code used for pricing was that used by Mr. M. Burgett. His collection was sold by Abe Kosoff at the 1958 ANA convention, and lot #892 (\$16.00) was a block of four. Abe Kosoff produced a special catalog from the 1958 sale of just Burgett's Collection and in it is a photo of lot 891 (\$13.00), which is the green back 5 cent Clark block of four. From the similar markings on this photo and given other examples of Burgett's handwriting on notes pedigreed to him, I am sure that my block of four red backs was from Burgett's collection. Now I believe there is a chance that my block could be the reference block used by Valentine for his listing of C-10d, but it is also possible that it could have been part of C-10e – the sheet. If someone else has a block of four that is the reference block for Valentine's C-10d – then the combination of my block of four and my vertical pair which mate, and some of the other known vertical pairs (one other I definitely know of – are there any others to report?) may all be from the Valentine reference sheet (C-10e) which was subsequently cut up. This would lead to the existence of two blocks of four plus multiple pairs from the reference notes used for the Valentine #'s C-10d and C-10e. Any thoughts... mine are definitely *fractional* now.

Well, that's all for now and please keep those cards and letters coming with any and all FRACTIONAL THOUGHTS so we can share them with each other.

Fractionally yours—Tom.

Office of the Assistant Treasurer of the United States

New York, November 13th 1861

Mr:

In compliance with the request of the
Secretary of the Treasury I have today forwarded
to your address by the American Express Company
a parcel of Treasury Notes received today from
him, for which I enclose the Company's receipt
and return

Very Respectfully
Robert Smith

Asst. Ass't. Secy.

W. C. Blanchard, Esq.
Richmond - Indiana

Asst. Ass't. Secy.

Member Recalls Birthday Gift

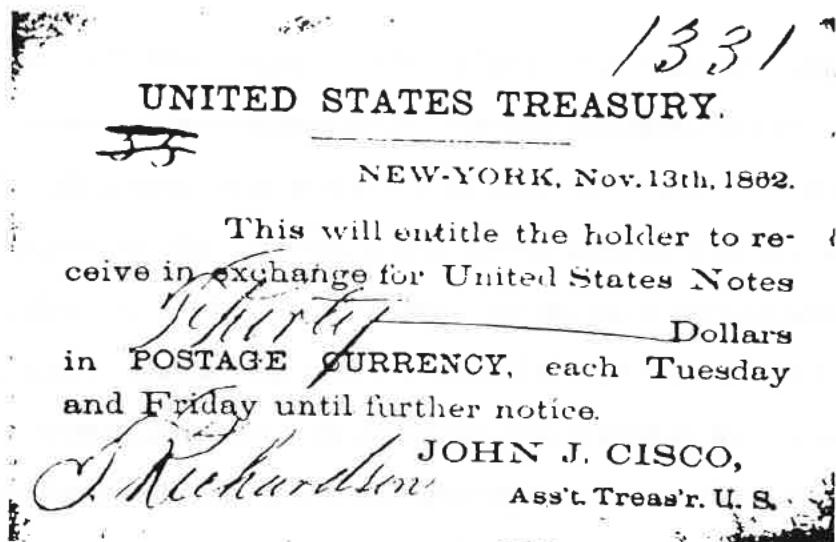
Pictured is a fractional currency piece given to me for my birthday in 1974 by [a collector friend]. The May 1915 issue of *The Numismatist* features the only reference I can find on the piece. It states:

The Treasury permit illustrated above is interesting in showing the manner in

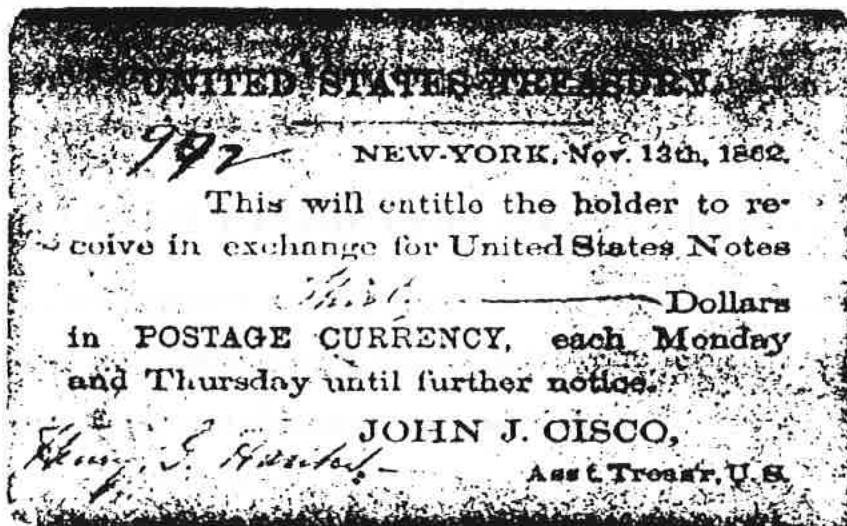
which fractional currency was distributed not long after the first issue, which took place in August 1862. We are indebted to Mr. David Prosky for the loan of the permit.

Ernest Keusch, LM 1167

Editor's note: Any additional information readers can offer about this piece would be most welcome.



Prosky specimen, as pictured in the May 1915 issue of THE NUMISMATIST



Keusch specimen

FRACTIONAL CURRENCY INVERTS

By Tom O'Mara

The following article examines U.S. Fractional and Postage Currency "INVERTS". What are inverts? Well, very simply, they are mistakes that occur in the printing process through human error. Hence, inverts are really error notes. In an effort to reduce counterfeiting of fractional notes, the U.S. Government authorized multiple issues of fractional currency (five in total) each with incrementally more difficult designs to produce (increase in printing errors and varieties) and hence to reproduce (decrease in counterfeiting). This article will review all five issues of Postage and Fractional Currency and the ways in which inverts were created and found in each. Additionally, the accompanying charts show every possibly invert variety and lists every one *known* or *reported to exist* as of this time. I am hopeful that this analysis will spur further interest in this subject matter and that previously unknown notes and varieties will come to light. This article uses Robert Friedberg #'s (Fr #'s) in reference to the regular issue note varieties, and Milton R. Friedberg #'s (Milt #'s) when referring to the specific invert varieties.

1ST ISSUE - POSTAGE CURRENCY INVERTS

The first issue Postage Currency notes had a simple printing process. Both the front and back of the notes were each created in one step. Therefore, the only error occurring in this issue was when a sheet was mislaid and the entire reverse was inverted. Since each denomination (5,10,25,50 cent) came in 4 varieties (Fr #'s), there are 16 potential first issue inverts (see charts). 14 of the 16 potential first issue invert varieties are *known* (13) or *reported to exist* (1), of which 7 varieties are *unique*. The total population of first issue inverts is estimated to be 90+.

1st ISSUE – 5 cent

With Monogram ABNCo	No Monogram	
Fr 1228 1R5.3b Reported	Fr 1229 1R5.2d Unique	Perforated Edge
Fr 1230 1R5.4g Est 30+ known	Fr 1231 1R5.1c Unique	Straight Edge

1st ISSUE – 10 cent

With Monogram ABNCo	No Monogram	
Fr 1240 Unknown No Milt #	Fr 1241 1R10.2c Unique	Perforated Edge
Fr 1242 1R10.4d Est 20 known	Fr 1243 1R10.1c Est 4 known	Straight Edge

1st ISSUE – 25 cent

With Monogram ABNCo	No Monogram	
Fr 1279 Unknown No Milt #	Fr 1280 1R25.2d Est 4 known	Perforated Edge
Fr 1281 1R25.4c Est 10-12 known	Fr 1282 1R25.1d Est 6-12 known	Straight Edge

1st ISSUE – 50 cent

With Monogram ABNCo	No Monogram	
Fr 1310 1R50.3b Unique	Fr 1311 1R50.2c Unique	Perforated Edge
Fr 1312 1R50.4c Est 5 known	Fr 1313 1R50.1c Unique	Straight Edge

2nd ISSUE - FRACTIONAL CURRENCY INVERTS

The Act of March 3, 1863 authorized the issuance of U.S. Fractional Currency. A major feature of the design change was the addition of bronze surcharge overprints in an attempt to deter counterfeiting. A large bronze oval was put on the front of the notes, while the denomination plus small lettered corner surcharges were added to the back. Although the U.S. Bureau of Engraving and Printing did the printing of this series in order to reduce theft and cost, it had additional printing steps and thereby increased the number of potential errors and inverts. First, the reverse engraving could be inverted (IBE) as was found on the first issue postage currency. Second, the reverse surcharges could have been inverted (IBS), and finally, both the engraving and surcharges could have been inverted (TBI - Total Back Invert). The four denominations (5, 10, 25, 50 cent) came in 23 varieties (Fr #'s), which when multiplied by 3 invert types (IBE, IBS, TBI) per variety, leads to 69 potential second issue inverts (see charts). 34 of the 69 potential inverts are *known* (24) or *reported to exist* (10), of which 12 are *unique*. The total population of second issue inverts is estimated to be 90+.

2nd ISSUE – 5 cent

Friedberg #'s & Milt #'s	Inverted Back Engraving	Inverted Back Surcharges	Total Back Inverted
Fr 1232 2R5.1	2R5.1h Unique	2R5.1e 2-3 known	2R5.1d Reported
Fr 1233 2R5.2	2R5.2i Unique	2R5.2f 7-8 known	2R5.2e Unique
Fr 1234 2R5.3a	Unknown No Milt #	Unknown No Milt #	Unknown No Milt #
Fr 1235 2R5.5	Unknown No Milt #	Unknown No Milt #	Unknown No Milt #

2nd ISSUE – 25 cent

Friedberg #'s & Milt #'s	Inverted Back Engraving	Inverted Back Surcharges	Total Back Inverted
Fr 1283 2R25.1	Unknown No Milt #	2R25.1d 5 known	Unknown No Milt #
Fr 1284 2R25.2	2R25.2i Unique	2R25.2e Unique	Unknown No Milt #
Fr 1285 2R25.4	Unknown No Milt #	Unknown No Milt #	Unknown No Milt #
Fr 1286 2R25.3	2R25.3h 3 known	2R25.3f 4 known	Unknown No Milt #
Fr 1288 2R25.6	Unknown No Milt #	2R25.6b Reported	Unknown No Milt #
Fr 1289 2R25.8	Unknown No Milt #	2R25.8c Reported	Unknown No Milt #
Fr 1290 2R25.9	Unknown No Milt #	2R25.9c Unique	Unknown No Milt #

2nd ISSUE – 10 cent

Friedberg #'s & Milt #'s	Inverted Back Engraving	Inverted Back Surcharges	Total Back Inverted
Fr 1244 2R10.1	2R10.1d Unique	2R10.1c 2 known	2R10.1b Reported
Fr 1245 2R10.2	2R10.2i Reported	2R10.2d 10 known	Unknown No Milt #
Fr 1246 2R10.3	2R10.3d 4 known	2R10.3c 20+ known	2R10.3b Reported
Fr 1247 2R10.4	Unknown No Milt #	2R10.4b 2 known	Unknown No Milt #
Fr 1248 2R10.5	Unknown No Milt #	Unknown No Milt #	Unknown No Milt #
Fr 1249 2R10.7	Unknown No Milt #	2R10.7a 2 known	Unknown No Milt #

2nd ISSUE – 50 cent

Friedberg #'s & Milt #'s	Inverted Back Engraving	Inverted Back Surcharges	Total Back Inverted
Fr 1316 2R50.2	Unknown No Milt #	2R50.2g Unique	2R50.2c Reported
Fr 1317 2R50.3	2R50.3d Unique	2R50.3e Unique	Unknown No Milt #
Fr 1318 2R50.4	2R50.4d Unique	2R50.4c 3 known	2R50.4b 2 known
Fr 1320 2R50.6	Unknown No Milt #	Unknown No Milt #	Unknown No Milt #
Fr 1321 2R50.7	Unknown No Milt #	Unknown No Milt #	2R50.7a Reported
Fr 1322 2R50.9	Unknown No Milt #	2R50.9a Reported	2R50.9b Reported

3rd ISSUE - FRACTIONAL CURRENCY INVERTS

3-5-10-25 CENT DENOMINATIONS

The third issue of fractional currency combines printing techniques from both the first and second issues. Additionally, six denominations were produced (3,5,10,15,25,50 cent), of which two were new (3 and 15 cent), the 15 cent was never issued, and the 50 cent had two different face designs. The 3 and 5 cent notes had NO bronzing, and their invert varieties were limited to inverted reverse engraving only as found on the first issue. The 10, 25, and 50 cent notes had the anti-counterfeiting bronzing applied, like the second issue, and therefore had a correspondingly large number of potential invert errors. The 10 cent note, with its additional numeric bronze surcharge on the front, has the potential for 6 invert variations (see chart)! All denominations, except for the 3 cent, were printed with both red and green backs. The red backs were first and of all the potential 3rd issue inverts, surprisingly only 2 varieties in any denomination are known in red - the 25 cent Fessenden (Fr 1291, Milt #3R25.1h) and the 50 cent Justice (Fr 1357, Milt #3R50.6a). These four denominations (3,5,10,25 cent) came in 21 varieties leading to 69 potential third issue inverts (see charts). 22 of the 69 potential inverts are *known* (18) or *reported to exist* (4), of which 11 are *unique*. The total population of third issue inverts is estimated to be 52+

3rd ISSUE – 3 cent

	Inverted Back Engraving
Light Curtain	Fr 1226 3R3.1b 5 known
Dark Curtain	Fr 1227 3R3.2d Unique

3rd ISSUE – 5 cent

	No Position Indicator	Position Indicator "a"
Red Reverse	Fr 1236 Unknown No Milt #	Fr 1237 Unknown No Milt #
Green Reverse	Fr 1238 3R5.2f 6 known	Fr 1239 3R5.2i 3 known

3rd ISSUE – 10 cent

Friedberg #'s & Milt #'s	Inverted Back Engraving	Inverted Back Surcharge	Total Back Inverted	Inverted Face Engraving	Inverted Face Surcharge	Inverted Back&Face Surcharge
THERE	ARE	NO	KNOWN	RED	BACK	INVERTS
FOR	3RD	ISSUE	10 CENT	Fr 1251 Fr 1252	Fr 1253 Fr 1254	NOTES
Fr 1255 3R10.6	3R10.6m Unique	3R10.6d Reported	Unknown No Milt #	3R10.6i 4 known	3R10.6o Unique	3R10.6e 4 known
Fr 1256 3R10.6b	Unique No Milt #	Unknown No Milt #	3R10.6l Reported	Unknown No Milt #	Unknown No Milt #	3R10.6f Unique

3rd ISSUE – 25 cent

Friedberg #'s & Milt #'s	Inverted Back Engraving	Inverted Back Surcharge	Total Back Inverted
Fr 1291 3R25.1	Unknown No Milt #	3R25.1h Unique	Unknown No Milt #
Fr 1292 3R25.1b	Unknown No Milt #	Unknown No Milt #	Unknown No Milt #
Fr 1294 3R25.2	3R25.2j Reported	3R25.2i 6-12 known	3R25.2h Reported
Fr 1295 3R25.2b	3R25.2k Unique	3R25.2v Unique	3R25.2o Unique
Fr 1296 3R25.2d	Unknown No Milt #	Unknown No Milt #	Unknown No Milt #
Fr 1297 3R25.4	Unknown No Milt #	3R25.4f Unique	Unknown No Milt #
Fr 1298 3R25.4a	3R25.4b 2-3 known	3R25.4e Unique	Unknown No Milt #
Fr 1299 3R25.3	Unknown No Milt #	Unknown No Milt #	Unknown No Milt #
Fr 1300 3R25.3a	Unknown No Milt #	Unknown No Milt #	Unknown No Milt #

3rd ISSUE FRACTIONAL CURRENCY INVERTS

50 CENT DENOMINATION - SPINNER & JUSTICE NOTES

The third issue Spinner and Justice 50 cent notes were printed in both red and green. Additionally, they were printed with many different bronze reverse surcharge combinations and on different types of paper. The total number of Friedberg #'s assigned to these 50 cent notes is 19 Spinners and 32 Justices. Of the Spinners, 7 are red backs and 12 are green backs, and of the Justices, 15 are red backs and 17 are green backs. There are NO reported or known Spinner red back inverts and ONLY one Justice red back invert variety (Fr 1357, Milt #3R50.6a). Interestingly enough, there are estimated to be 10 known of this red back Justice variety, making it the most common of all 3rd issue 50 cent inverts. The accompanying charts and the above exhibited notes are therefore only of the Spinner and Justice "green" back varieties. The 50 cent denomination came in 51 varieties of which 29 are green backs. The 29 varieties could create 87 potential third issue 50 cent green back inverts (see charts). 45 of the 87 potential green invert varieties are known (24) or reported to exist (21), of which 8 are unique. The total population of third issue 50 cent green back inverts is estimated to be 57+ (32 Spinners, 25 Justices).

3rd ISSUE – 50 cent – SPINNER's

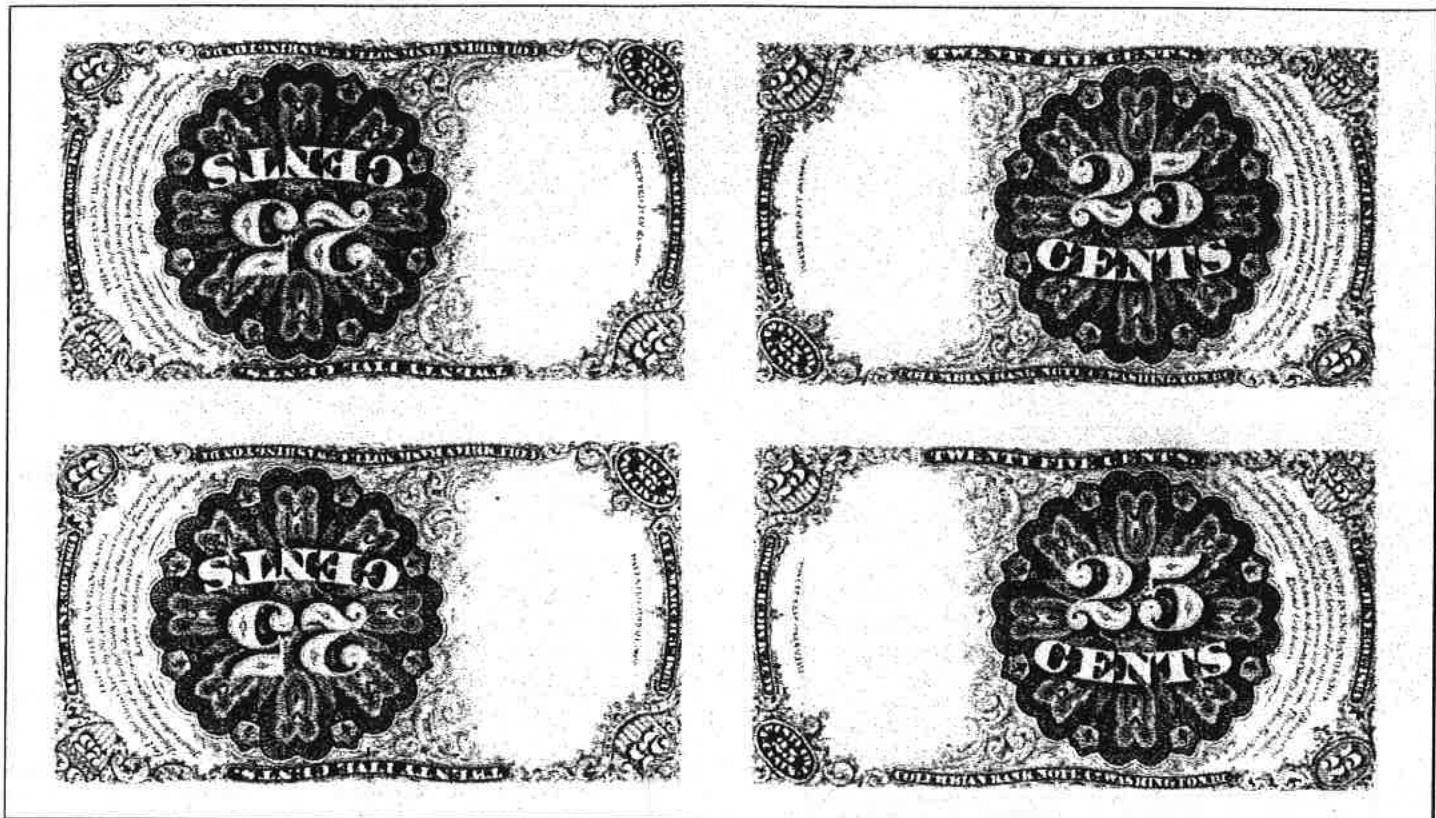
Friedberg # & Milt #	Inverted Back Surcharge	Inverted Back Engraving	Total Back Inverted
Fr 1331 3R50.19 No back surch	3R50.19i Unique	3R50.19p Reported to Exist	3R50.19h Reported to Exist
Fr 1332 3R50.19a "1" & "a"	3R50.19m 3 known	3R50.19q Unique	3R50.19i Reported to Exist
Fr 1333 3R50.19b "1"	3R50.19n Reported to Exist	3R50.19r Reported to Exist	3R50.19j Reported to Exist
Fr 1334 3R50.19c "a"	3R50.19o Reported to Exist	3R50.19s Reported to Exist	3R50.19k Reported to Exist
Fr 1335 3R50.20 "A-2-6-5"	3R50.20d 4 known	3R50.20h Reported to Exist	Unknown No Milt #
Fr 1336 3R50.20a "1" & "a"	3R50.20e Reported to Exist	3R50.20i Reported to Exist	Unknown No Milt #
Fr 1337 3R50.20b "1"	3R50.20f Unique	3R50.20j Reported to Exist	Unknown No Milt #
Fr 1338 3R50.20c "a"	3R50.20g 2 known	3R50.20k Reported to Exist	Unknown No Milt #
Fr 1339 3R50.21d Type II rev	3R50.21h 2 known	Unknown No Milt #	3R50.21l Unique
Fr 1340 3R50.21e "1" & "a"	3R50.21i Unique	Unknown No Milt #	Unknown No Milt #
Fr 1341 3R50.21f "1"	3R50.21j 2 known	Unknown No Milt #	Unknown No Milt #
Fr 1342 3R50.21g "a"	3R50.21k Unique	Unknown No Milt #	Unknown No Milt #

3rd ISSUE – 50 cent – JUSTICE's

Friedberg # & Milt #	Inverted Back Surcharge	Inverted Back Engraving	Total Back Inverted
Fr 1358 3R50.13 No back surch	Unknown No Milt #	Unknown No Milt #	Unknown No Milt #
Fr 1359 3R50.13a "1" & "a"	Unknown No Milt #	Unknown No Milt #	Unknown No Milt #
Fr 1360 3R50.13b "1"	3R50.13d Reported to Exist	Unknown No Milt #	Unknown No Milt #
Fr 1361 3R50.13c "a"	Unknown No Milt #	Unknown No Milt #	Unknown No Milt #
Fr 1362 3R50.10 "A265" tight	3R50.10.d 2 known	3R50.10h Reported to Exist	Unknown No Milt #
Fr 1363 3R50.10a "1" & "a"	3R50.10e Reported to Exist	Unknown No Milt #	Unknown No Milt #
Fr 1364 3R50.10b "1"	3R50.10f 3 - 4 known	Unknown No Milt #	Unknown No Milt #
Fr 1365 3R50.10c "a"	3R50.10g 3 known	Unknown No Milt #	3R50.10i Reported to Exist
Fr 1366 3R50.11 "A-2-6-5" wide	3R50.11d 2 - 3 known	Unknown No Milt #	Unknown No Milt #
Fr 1367 3R50.11a "1" & "a"	3R50.11e Reported to Exist	Unknown No Milt #	Unknown No Milt #
Fr 1368 3R50.11b "1"	3R50.11f Reported to Exist	Unknown No Milt #	Unknown No Milt #
Fr 1369 3R50.11c "a"	3R50.11g Reported to Exist	Unknown No Milt #	Unknown No Milt #
Fr 1370 3R50.12 Fibre paper	3R50.12d Unique	3R50.12h 2 - 3 known	3R50.12l Unique
Fr 1371 3R50.12a "1" & "a"	3R50.12e Reported to Exist	3R50.12i Reported to Exist	Unknown No Milt #
Fr 1372 3R50.12b "1"	3R50.12f Reported to Exist	3R50.12j Reported to Exist	Unknown No Milt #
Fr 1373 3R50.12c "a"	3R50.12g 2 known	3R50.12k 2 known	Unknown No Milt #
Fr 1373a 3R50.9 "S264"green	Unknown No Milt #	Unknown No Milt #	Unknown No Milt #

WHERE ARE THE 4TH & 5TH ISSUE INVERTS???

An old printing technique was implemented with the 4th and 5th fractional issues. It is known as "tete-beche", and it prevented mishaps attributed to misplaced sheets during the printing process. "Tete-beche" was the end of inverts caused by printing errors. Shown here is a block of four 5th issue 25 cent reverses "tete-beche".



SOURCES:

- Currency Auction of America Inc., "Milton R. Friedberg Collection, January 19, 1997", Forest Hills, NY.
- Friedberg, Milton R., "The Encyclopedia of United States Fractional & Postal Currency", NASCA, Inc., 1978.

**LYN KNIGHT SALE—8/19/99
DALLAS, TEXAS**

**DISCOVERY NOTE
NOT ON RAINBOW PAPER**



865 Fr. 18a \$1 1869 This discovery note is extremely difficult to evaluate. It is obvious that grading opinions are different by my standards than that of those who called this Fine/Very Fine. The description from Pine Tree Auction '72-73, probably catalogued by Breen, explains it all. It reads - "Type of F-18, but not on the regular paper (blue regional stain); instead this is on paper watermarked USUSUS, with scattered fibers, as found on early 4th issue Fractionals; this type paper was in use only from July to about October 1869, being abandoned at once as it did not stand up well in circulation. Regular F-18s from all five blocks (B, K, V, Z and A) are on the blue stain paper. Issue from block B began Oct. 9, 1869, and the present note must have been from the very first emission. Face plate 1; SN B20380★. Fine to VF, clean, bright, R. margin close. Extremely rare, first we have handled. Discovered by Robert H. Lloyd (Scrapbook, Nov. 1964), though he did not mention the watermark (which is in vertical lines and hard to see)". XF (1,000-2,000)

PRICE REALIZED--\$4,950

The Gene H. Wolfe COLLECTION

of U. S. POSTAGE CURRENCY PATTERNS

The Postage Currency coins of 1863 and those related coins dated 1868 and 1869



Gene H. Wolfe

Cataloged by David Cassel, author of the soon to be released
United States Pattern Postage Currency Coins

The Civil War certainly had its effect upon our nation's monetary system. By 1862, the nation was in a monetary crisis. Minor silver coins had become scarce for many reasons including

hoarding, arbitrage, and even the removal of coins from circulation by foreign governments. What silver the Mint at Philadelphia had was overwhelmingly allocated to the production of quarters, halves, and dollars. The slowdown in the production at the Mint in Philadelphia of the subsidiary coinage was unbearable. The shortage in the East of silver used in the production of three cent silver pieces, half dimes, and dimes necessitated a "fix" to the system. No such shortages were to be found in the Western states.

Tokens, not authorized as legal tender in the United States, had been used somewhat effectively in commerce since the first quarter of the 18th century, through the Civil War years, and beyond. But with the curtailment of the production of subsidiary coinage, private tokens alone would not be sufficient to satisfy the needs of commerce.

Encased postage helped alleviate the problem somewhat by affixing a stamp inside a disk-like device with a mica window. Advertisements, which defrayed the actual production costs of the encased postage were placed on the side opposite the postage stamp. These coin-like devices helped the overall problem of too little subsidiary coinage. However, encased postage would also not be sufficient to meet the needs of small change in commerce. An array of other devices were put to the test. Stamps, which were used like small change, proved to be an unsanitary, sticky mess and were not a solution. Little chits didn't meet with much success either, these being used like promissory notes or I.O.U.s.

"On July 14, 1862 Secretary of the United States Treasury, Salmon P. Chase wrote to Congress requesting action to meet the coinage emergency. Chase asked Congress to consider two plans. One of the plans called for the reduction in size of the silver coins. This proposal was sound enough but not practical. Reducing the size would call for new designs, new dies, and new machinery, and the loss of time involved made the proposal impractical. The other plan called for the legalization of the use of ordinary postage stamps as money. Congress accepted the postage stamp measure, with a number of members voting against it, and adopted the bill presented by Chase. The Senate approved the plan unanimously, and President Lincoln signed the Law July 17, 1862. The immediate effect of the law was a run on the post offices of the country.

"A House committee presented originally a section which provided for "fractional notes" to be issued in exchange for postage and revenue stamps. The Senate rejected this proposal. As finally passed, March 3, 1863, the law provided that 'in lieu of postage and revenue stamps for fractional currency and of fractional notes, commonly called postage currency' the Secretary of the Treasury might issue 'fractional notes of like amounts.' "2

Just two and a half months later in May 1863, Postage Currency coins were produced. Postage Currency coins were never authorized by these laws of July 17, 1862 or March 3, 1863. In the former, postage was authorized as a substitute for money, in transactions up to \$5 and the latter, fractional notes (paper) were authorized as a replacement for subsidiary coinage.

United States Postage Currency ten cent coins of 1863, our nation's first attempt at token coinage, was thought by the Mint staff to be the best solution to the problem. To that end, William E. DuBois and Adam Eckfeldt (the Mint's assayer and coiner), under the supervision of the Director of the Mint,

James Pollock, undertook the secret and experimental production of between 150 to 160 pieces of 1863 Postage Currency ten cent coins of all varieties. Four thin silver coins, four thin tin coins, and two thin aluminum coins were struck in a screw press by the hand of William E. DuBois. These were presented to Mint Director James Pollock to be given to Secretary of the Treasury Salmon Chase for consideration. The coins were presented in five envelopes with some detailed information penned by the hand of William E. DuBois on each envelope.

The envelopes and ten coins as well as a small hoard of Civil War memorabilia, waited to be discovered like a time capsule, for a period of 130 years. They were discovered in a Chicago Courthouse that was being prepared for renovation.³ In the 1960s, Lester Merkin acquired the coins and later sold them with accompanying envelopes to Milton R. Friedberg, a fractional currency collector, and author of the "Bible" of Fractional currency entitled *The Encyclopedia of United States Fractional & Postal Currency*.

The coins were immediately rejected for a variety of reasons. They were so thin they would misfeed through the steam press, they would bend under the slightest pressure, and they contained much less intrinsic value than a regular silver dime. The 20 grain silver coin contained silver worth 5.21 cents value, the 22 grain silver coin was worth 5 and 35/48ths cents, the aluminum coins were worth about five cents, the 21 grain tin coins were worth one-sixth of a cent and the heavier 27 grain tin coin had a value of one-fifth of a cent. It was reasoned that the coins would not be accepted as an alternative to the good old dime. Secretary Chase opted for the Fractional Currency (paper) notes.

Probably, no other group of United States patterns has as much historical, archival information available as do the Postage Currency coins. With that statement comes the admonition that in the past, no other group of United States patterns has been so poorly attributed and so inadequately studied.

Related by design elements of the 1863 dated coins are: J-325 through J-330a (P-390 through P-401) designed by James B. Longacre; varieties of J-331, a, b, and c (P-402 and P-403) with the original obverse designed by Christian Gobrecht in 1836 and modified in 1859 by James B. Longacre, and the reverse also designed in 1859 by Longacre; the dimes dated 1868, J-640 through J-642 (P-712 through P-714); and J-643 through J-646 (P-715 through P-719) with both the obverse and reverse designed by James B. Longacre. Some of these coins have been misattributed or simply do not exist.

The dies for the featured Seated Liberty, no date obverse with the broken serif of the letter S in STATES and the cereal wreath reverse with a six pointed star above ONE DIME and the tiny date 1868 below were produced in the transitional period of 1859-1860. These 1868 reverse dated coins seem to have been struck in May 1863 as pieces de caprice or fantasy coins for collectors and the several this cataloger has seen do not appear to be restrikes but appear to be either anticipatory strikes or Mint date logo punch errors. This conclusion is based upon the microscopic analysis of more than forty coins in the series, and die crack progressions of both obverse and reverse. The evidence of minor die rust is consistent with these dies. The Seated Liberty and cereal wreath dies were improperly stored, unlubricated in the humid coiner's vault from 1859 through 1863. There are some who think these 1868-dated coins were struck in 1869 or even later. Investigation is ongoing that may soon ascertain when these coins were actually struck.

Stepped up production of half dimes and dimes at the Philadelphia Mint began in 1868 but it took several more years for the Mint to produce these minor coins in the quantities struck prior to and including 1862. In fact, fractional notes continued to be printed until 1876 to supplement the need for subsidiary coinage.

In 1869, a German chemist, Koulz, tried with unsatisfactory results to combine a mixture of 26% silver with 33% nickel and 41% copper. It has been assumed that the reverse design by William Barber: SII.. 9 above NIC. 1, above a horizontal line over 1869 (Judd-714 and Judd-715 or Pollock-793 and Pollock-794) as well as the second reverse design: SII. above NIC. above COP. over 1869 indicated the metals involved. This is not necessarily the case. In no tested coin of the first reverse design have we found silver in any combination with nickel. As one can see, Judd-714 (Pollock-793) has never been found. All coins attributed as silver-nickel have tested cupro-nickel or virtually coin nickel. This is not the case with the second reverse designed coins. Judd-716 (Pollock-795) have been found containing an alloy of silver, nickel, and copper. Fifteen coins are thought to have been struck. Also, an unknown number of cupro-nickel coins of the second reverse design have been struck with less than a one grain weight difference from the former. These coins need to be scientifically analyzed. The common link between these coins and the 1863 and 1868 pieces is the use of the same Seated Liberty with dateless obverse and the broken serif of the letter S of the first S in STATES die.

This cataloger has relied heavily on scanning electron microscope with energy dispersive x-ray (SEM-EDX) test analysis, and more than 550 actual auctioned sales of Postage Currency coins, many of which show the haphazard ways in which the coins were described. Elemental testing of these coins is suggested. Heritage Numismatic Auctions, Inc., decided to scientifically test each of the Gene H. Wolfe Postage Currency coins so that accurate attributions can be made. These reports will be sent to successful bidders. To the best of this outside cataloger's knowledge, this is the first time in the annals of numismatic history that a numismatic firm has ever acknowledged the need for such testing and rose to the occasion.

...David Cassel

1. *Neil Carothers Fractional Money - A History of Small Coins and Fractional Paper Currency of the United States*, page 170, 1930.

2. *Ibid*, Page 180.

3. *Coin World*, a 3-part series by Douglas Winter, May 15, 22, and June 12, 1985.

For additional information on this subject see:

- *United States Pattern Postage Currency Coins 1999*, by David Cassel, soon to be released. Included within a reprint with the permission of the author of a *Coin World Magazine* article in three part series, May and June 1985 by Douglas Winter.
- *Pattern club web site www.uspatterns.com*
- *The Encyclopedia of United States Fractional and Postal Currency*, 1978 by Milton Friedberg.
- *United States Pattern, Experimental and Trial Pieces 7th edition 1982* by J. Hewitt Judd, M. D. and Abe Kosoff, pages 55, 71, 72, 75, 102, 103, 105, 108, 109.
- *United States Patterns and Related Issues 1994* by Andrew Pollock III, pages 116 - 119, 169 - 170, 182 - 184.



DIAGONAL SCRATCH, as shown by the arrow on the left, runs from the bottom of the coin, across Liberty's skirt and foot.

THE MOST prominent scratch, above, is the one to the right of Liberty's foot where the arrow is pointing.

Experimental dime patterns

Six dime pattern designs were used to strike patterns in 1863, 1868 and 1869

By Gene Wolfe

Special to COIN WORLD

Six "pattern" dime designs were used to strike a number of patterns in 1863, 1868, and 1869. There were two obverse designs: one with EXCHANGED FOR U. S. NOTES and the other with the regular Seated Liberty design with no date. The reverses were one with POSTAGE CURRENCY, 10 CENTS, and 1862; one with the regular reverse, a star, and 1868; one with SIL. 10 C. and 1869; and one with SIL. 9, NIC. 1, and 1869.

It is interesting to note that the date is on the reverse of all the coins struck with this combination of dies. The Exchanged obverse was mated with the Postage Currency reverse and with the 1868 Regular Reverse with Star. The Seated Liberty, No Date obverse was mated with all four reverses. A variety of metal and alloys were used for these strikings.

The coins presented in this study are part of the Gene Wolfe Pattern Dime Collection that was exhibited at several American Numismatic Association conventions and was scheduled to be in the Heritage auction during the January Florida United Numismatists Convention.

A number of other observations of the die striking characteristics of similar coins verified the results presented here. Conclusions and speculations presented here are not meant to be the final word on what transpired at the United States Mint but rather to open the discussion for further study.

During the Civil War and for a time thereafter, silver coins disappeared from circulation due to hoarding and being shipped out of the country. This created a financial crisis that necessitated the issuing of paper postage currency in 1862. A lighter weight silver coin was later proposed to redeem the postage currency.

alloys of silver-aluminum were also proposed.

Other metals and alloys were struck including tin and billon (copper-silver), but it is doubtful that they were seriously considered. There was no "official" authorization for this issue other than the 1862 act that allowed the issuing of the postage currency.

This subject is covered in a number of references including *Pattern, Experimental and Trial Pieces* (Sixth Edition) by J.H. Judd, *United States Patterns and Related Issues* by Andrew Pollock, *Counterfeit Mix-Struck and Unofficial U.S. Coins* by Don Taxay, and articles by Douglas Winter published in *Coin World* in May and June of 1985.

They will also be covered in David Cassel's forthcoming book on postage coins currently in progress.

My speculation is that many of the other alloys that were tried, including the nickel, the copper and the heavier silver pieces,

were struck in 1868 or 1869.

In April 1869, experiments were conducted to test a new alloy proposed for small coins by a German chemist, Koulz, that consisted of 26 percent silver, 33 percent nickel, and 41 percent copper.

Barber made a reverse die with SIL. 10 C. and 1869; it was probably Charles Barber since he was recently appointed assistant engraver and this was a simple design.

The regular Seated Liberty design with no date was used for the obverse die.

This obverse die also had a broken s (top of the s) in STATES; this was due to an imperfection in the hub that did not appear until after 1868.

According to Kamal M. Ahwash's *Encyclopedia of United States Seated Liberty Dimes 1837-1891*, nearly all Seated Liberty dimes struck after 1868 had a broken s or at least part of it broken until new hubs were made.

The Koulz metal rolled out with great difficulty, and the striking proved that the metal was unfit for coinage. Fifteen pieces were reportedly struck and the die destroyed. It is pretty certain that the reverse die was

destroyed at this time, but not before additional coins were struck in silver, copper and nickel, 70 percent copper

and 25 percent nickel).

It is rather easy to identify the Koulz alloy coin because it is slightly magnetic.

The obverse No Date die was not destroyed until later, probably later in 1869. It was, however, subsequently used to strike all the other coins with the No Date obverse that have the diagonal die scratch across Liberty's foot.

As the photomicrograph illustrations indicate, the die used to strike subsequent coins has all the die scratches as those in the die that struck the SIL. 10 C. coins.

The most prominent scratch is the one to the left of the A of AMERICA and to the right of Liberty's foot; there are, however, many more smaller scratches that match up, being readily apparent when the negatives of these two photos are overlaid.

After these coins were struck, additional scratches were put in the die, the most prominent one being the diagonal scratch across Liberty's foot.

This proves conclusively that the coins with the diagonal scratch were struck after April 1869 although they were dated 1863 and 1868!

As an added note, the reeding on this issue is unique; to my knowledge, it was not used on any other pattern dime.

Since the experiments with the Koulz alloy were unsuccessful, it seems logical that the Mint would try substituting nickel for the copper in coin silver (90 percent silver, 10 percent copper). This would add some legitimacy to this striking.

Mint Director James Pollock reported in his *Annual Report June 30, 1869*: "The nickel was found to be scattered in extremely fine grains, all through the silver, but none at all alloyed with it. ... We therefore placed it on record that according to our experiments, silver and nickel are incompatible."

There is no mention in Director Pollock's report that any SIL. 9 NIC. 1 coins were actually struck with the proposed alloy; to my knowledge, no coins with this alloy have ever been positively identified. It would have been logical that the Mint, being apt to strike off die if the drop of a hat and not

It is interesting to note that the date is on the reverse of all the coins struck with this combination of dies. The Exchanged obverse was mated with the Postage Currency reverse and with the 1868 Regular Reverse with Star. The Seated Liberty, No Date obverse was mated with all four reverses. A variety of metal and alloys were used for these strikings.

wanting to waste a perfectly good SIL 9 NIC 1 reverse die, would strike some coins in copper and in nickel (coin nickel).

The Mint used the Seated Liberty, No Date die to strike this issue but with the die now having the scratch across Liberty's foot.

This indicates that this scratch was put in the die before June 30, 1869, the date of Pollock's Mint Report. The scratch is certainly not a polishing scratch.

One might speculate that the scratch was put in the die on purpose, possibly by some Mint worker wanting to prove that subsequent strikings were indeed made after the original legitimate experiment with the Koulz alloy.

The edge reeding on this issue, indicated as Type III, is different from that on the SIL 9 NIC COP coins and on the other coins struck with the Seated Liberty, No Date obverse.

It is interesting that there are some coins listed as being struck with the silver-nickel alloy that are dated before 1869.

How could that be if the Mint did not know until 1869 that silver and nickel do not alloy!

Conversely, if the Mint struck silver-nickel coins before 1869, then why would they experiment with this alloy in 1869?

The 1863 Seated Liberty, No Date, Postage Currency Reverse striking is a muling of the previously used dies, being made in 1869.

All of the coins with the Seated design that I have observed have a scratch across Liberty's foot, including the one in my collection, the one in the Harry Bass Jr. collection, and several reported by Douglas Winter.

This coin has been listed as being struck in the silver-nickel alloy, but all such coins are probably nickel.

Note that even finding some No Date coins without the scratch would not necessarily prove the coins were struck in 1863 because the die was made in 1869 as indicated by the broken s in STATES.

Any such coins, if they indeed exist, could have been struck in 1869 before the die was scratched.



CHARLES BARBER, recently appointed assistant engraver, probably made the reverse die with SIL NIC COP and date 1869. The regular Seated Liberty design with no date was used for the obverse die. Another way to recognize this obverse die is that it had a broken s (top of the s) in STATES; this was due to an imperfection in the hub that did not appear until after 1868.

Many experts have listed the 1868 Seated Liberty, No Date, With Star Reverse as a regular "official" pattern; however, no one has found any authority or reason for its being issued.

No one ever will since this is a mule struck in 1869; all coins have been found to have the scratch across Liberty's foot.

The only purpose of this coin was to create a collector's piece. It was struck in nickel, in copper and possibly one in silver.

In 1868, a considerable amount of frac-

tional currency was in circulation in addition to the postage currency that was previously issued.

There always was the desire to eventually replace this currency with coinage, the sooner the better.

Representative Kelly of Pennsylvania proposed issuing small coin denominations in nickel, which would also satisfy the nickel interests in his home state. Large 10-cent patterns were struck with the Coronet portrait that had been used on the large cent 11 years earlier. These patterns were considered "official" although never authorized by Congress.

At that time there was still quite a bit of interest in using aluminum for coinage, particularly since the price of aluminum continued to decline.

Many patterns of aluminum were struck in 1868 as well as in 1869. It seems logical that the Mint might take some initiative in striking some experimental aluminum dimes, again to redeem the fractional currency, which in this case would be somewhat legitimate although not specifically authorized.

The thought might also have been to issue this piece in nickel. In any case, this issue would be as legitimate as the large 10-cent patterns.

Since the 1863 shield obverse die was still around, it was obviously used. It would have been relatively simple to manufacture a new reverse die without POSTAGE CURRENCY, such as one with the regular reverse, the date, and a star.

Since the obverse die stated EXCHANGED FOR U.S. NOTES, that would cover fractional currency as well as the postage currency. If this speculation is not true, a very interesting situation exists.

Why was this die made? The Mint struck mules from existing dies and made fantasy coins from designs meant for other denominations; here would exist a fantasy design with no purpose or reason to exist!

Did the Mint ever create other fantasy designs?

There is no other possibility; this must be a legitimate experimental pattern. **GW**



REVERSE DIE displays the following elements of design 10 CENTS, 1863, U.S. POSTAGE CURRENCY, ACT OF JULY 1862. This is just one of the three reverse pattern designs paired with two obverse pattern designs.

THIS OBSERVE die stating EXCHANGED FOR U.S. NOTES would have covered fractional currency as well as postage currency. Wolfe asks why was this die made other than to be a legitimate experimental pattern.

THIS REVERSE die design is similar to regular reverse design but with the addition of a star and 1868. Wolfe says many experts list this pattern as a regular "official" piece although it was never authorized by Congress.



ONE OF THREE denominations of demand notes, this \$5 note was printed by the American Bank Note Co. The company's imprint can be found in the center of the top border.

A private matter

At one time U.S. paper money was printed by private currency printers

By Michele Orzano
COIN WORLD Staff

Until federally produced paper money became a reality, Americans used federal currency printed by private security printers.

What was to become the Bureau of Engraving and Printing didn't come into existence until Aug. 29, 1862, according to the *History of the Bureau of Engraving and Printing 1862-1962*, published by the bureau.

A plan developed by Salmon P. Chase, secretary of the treasury under Abraham Lincoln, proposed the production of non-interest bearing notes to circulate as money as a way to raise much needed funds to fight the Civil War.

According to the BEP history book, the Act of July 17, 1861, authorized the production of these notes that "became popularly known as 'demand notes,' a title brought about by certain provisions of their issuance."

Two private firms, the American Bank Note Co. and the National Bank Note

Co., both located in New York, printed these notes.

Chase proposed the idea to Congress when he asked for authorization to issue \$60 million of the demand notes in July of 1861.

The issuance of the notes was a desperate attempt by Chase to gain some ground on the "debt monster" that gripped the country. Chase, the lawyer turned secretary of the treasury, had inherited a situation where government spending had far exceeded its revenues for some time.

He hated the idea of borrowing money but he was also opposed to the issuance of paper money. However, mounting pressures forced Chase to seek what appeared to be the lesser of two evils and ask Congress to authorize Treasury notes and bonds.

Not only did the issuance of the demand notes make history in itself, the notes also set a precedent that was to go unchallenged for a number of years — that of

Please see **PRIVATE** Page 68



FRACTIONAL CURRENCY WAS ISSUED BY A PRIVATE PRINTING FIRM, THE National Bank Note Co., indicated at the bottom of the note.

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using portraits of living persons on the notes.

It became a common practice during the Civil War, beginning with the \$10 demand note of 1861, which features a portrait of then President Abraham Lincoln, who died April 15, 1865.

Demand notes were the first and earliest paper money issued by the federal government for circulation.

According to Robert Friedberg's *Paper Money of the United States*, demand notes are unique in U.S. currency in that "they alone bear neither the Treasury Seal nor the actual names of the Treasurer and Register of the Treasury. They also have the serial number imprinted only once."

The actual printing of the notes proved to be another hurdle for the Treasury since it lacked any printing facility of its own.

The demand notes were printed in sheets of 10 - two vertical rows of five notes.

The notes are the only issue of federal paper money not carrying the Treasury seal.

Demand notes were printed in denominations of \$5, \$10 and \$20. They were authorized by Congress in the Acts of July 17 and Aug. 5, 1861.

These notes don't have the Treasury seal nor the actual names of the treasurer and register of the treasury.

However, it wasn't just demand notes that were printed outside of government-owned presses.

The Series 1875 or Original Series of national bank notes were also produced under contract with some of these firms.

According to *Paper Money of the United States* by Robert Friedberg,

Congress approved the Act of July 17, 1861, which permitted the Treasury to "print and circulate paper money to the extent of \$60 million."

According to Friedberg: "Until July 1875, national bank notes were wholly produced in New York City by the American, Continental or National Bank Note Companies. Their imprints appear on the notes. These three companies engraved and manufactured the plates and accomplished the main printing in their own premises on their own bank note paper. The Treasury seal and serial numbers, however, were printed later at the Treasury Department."

Friedberg continued: "After March 1875, the same distinctive paper was



SERIES 1875 \$1 national bank note printed for The Pittsburgh National Bank of Commerce for Pittsburgh.

required to be used as was then being used for other U.S. currency, and after September of that year, the obverses, or face sides of the notes, began to be printed at the Bureau of Engraving and Printing."

Friedberg continues, explaining that the "reverses, or backs however, continued to be printed privately in New York by the bank note companies, except for the black portion of the 5 dollar note which was let out for printing to the Columbian Bank Note Company in Washington, D.C. (The green portion continued to be printed in New York.)

By January 1877, Friedberg writes, "all the reverse plates were transferred from New York to Washington, and thereafter the Bureau printed all the reverses as well, except for the black portion of the 5

dollar note, which still remained with the Columbian Bank Note Company.

Finally, about October 1877 the entire production of national bank notes was assigned permanently to the Bureau of Engraving and Printing," according to Friedberg.

National Bank Notes by Don. C. Kelly catalogs the actual printing assignment this way: the \$5 national bank note was printed by the Continental Bank Note Co.; the \$10 and \$20 notes by the American Bank Note Co.; the \$50 and \$100 notes by the American Bank Note Co.; and the \$500 and \$1,000 notes by the National Bank Note Co.

Kelly's book indicates the \$1 and \$2 national bank notes were produced as the result of "cooperative efforts of the American and National companies." **EW**

Counterfeiting once posed significant threat

By Brent Hughes

In the area where I live there seems to be a never-ending parade of unfortunate individuals who try to pass photocopies of \$20 bills when they make purchases at small convenience stores. They almost always end up being arrested and turned over to the U.S. Secret Service for violation of the laws against counterfeiting. Many of these people serve prison terms.

The procedures are more or less tame, with scrupulous attention given to citizens' rights, but the actions do deter others from taking the same foolish mistakes. As a result, citizens have complete faith in U.S. currency and seldom give counterfeits a second thought. In some other countries, however, counterfeiting of U.S. paper money is a major headache and the Bureau of Engraving and Printing is constantly devising features to make copying difficult. At the present time various denominations of paper money are being redesigned to combat counterfeits.

There was a time, however, when things were very different. In order to pay the bills while the Civil War was raging, the U.S. government had to issue paper money. Prior to that time, hundreds of people made their living creating and passing into circulation beautiful copies of the notes issued by private banks. As might be expected, most of these criminals took one look at the newly-introduced U.S. paper money and decided they would have no trouble copying it. Much to the public's surprise, counterfeits even produced excellent copies of the small Fractional currency notes that the government used as substitutes for coins.

In the 1800s, during the era of the private banks, engraving became a precision art and thousands of beautiful notes were produced by giant bank note companies. These firms competed to hire the most skilled engravers and steel-plate printers. Unfortunately there were some skilled engravers who wanted to get rich in a hurry and it is known that they were available to take exquisite plates almost equal to those used by the government contractors.

As the counterfeits became organized, a certain pattern emerged. At the top of the rings were the money men, wealthy individuals who furnished the capital to produce the spurious paper money but who never got close enough to the operation to get arrested. In the next tier were the middlemen, who actually hired the engravers and printers and turned their products over to distributors who spread the notes over wide areas of the country. The middlemen, in general, usually avoided arrest. At the bottom level, willing to assume most of



Edwin M. Stanton, President Lincoln's secretary of War, performed brilliantly in reorganizing the Union war effort, which originally had been in disarray. After Lincoln's death, however, Stanton became dictatorial and made life miserable for Andrew Johnson, Lincoln's successor. The Congress passed the Tenure of Office Act to keep Stanton in office, and when Johnson tried to replace him, the House of Representatives impeached the president. The Senate then conducted a trial and failed by only one vote to convict Johnson, which would have removed him from office.

the risk, were individuals called "shavers," who actually passed the counterfeit notes into circulation by whatever use their clever minds might conceive.

Some historians have referred to the years between about 1825 and 1865 as "the golden age of counterfeiting in America." The thousands of spurious notes in circulation created havoc in the business community. The arrest and prosecution of counterfeiters was handled at the local level and was not very effective. Things became so bad that merchants and bankers were forced to subscribe to publications called "counterfeit detectors" that listed genuine notes along with known copies.

In his book *Counterfeiting*, Laurence Dwight Smith says that in 1839 one such guide listed 20 fictitious banks, 43 banks whose notes were worthless, 54 which were bankrupt and 254 banks whose notes were being counterfeited. The publication described 1,395 counterfeit notes that were already in circulation.

It was this sad state of affairs that the federal government inherited. Congress

passed a legal-tender act in 1862 authorizing the Treasury to issue notes that the public called "greenbacks." In short order, excellent counterfeits began to circulate and government officials realized that something had to be done.

Treasury Secretary Hugh McCulloch discussed the matter with President Lincoln. The secretary suggested a federal government agency whose duty it would be to suppress counterfeiting. Lincoln approved, saying, "I think you have the right idea, Hugh. Work it out your own way." That evening Lincoln went to Ford's Theatre where he was shot by John Wilkes Booth.

In the days following the assassination, conditions were such that Edwin Stanton, the secretary of War, became the virtual dictator of the United States. Stanton had previously been authorized by Lincoln to take action against counterfeiters and had placed William P. Wood, superintendent of the infamous Old Capitol Prison, in charge. When the Secret Service Division of the Treasury Department was officially established on July 5, 1865, no one was surprised when Stanton made his protege the new agency's first director.

Wood was quite a character. He was utterly ruthless, with absolutely no regard for the rights of citizens. He was also corrupt. When the Treasury Department offered rewards for the recovery of counterfeit plates, Wood saw nothing wrong in collecting the rewards for himself. He was evidently determined to make a name for himself while growing rich at taxpayer expense. He hired "operatives" who were equally corrupt, and soon hundreds of citizens were being arrested and thrown into jail on ridiculous charges.

Just how bad this situation became was not generally known until a few years ago when numismatic researcher Ronald Horstman discovered an obscure government publication bearing the title "Pardons for making and passing counterfeit money, forgery and perjury."

On the first page was the date April 14, 1865, the day Lincoln was assassinated, and the document was signed by President Andrew Johnson on Feb. 19, 1868, five days before the U.S. House of Representatives voted to impeach him. Clearly there had to be some connection between the document and

Johnson's difficulties with the Congress.

Some research in my history books revealed the details, which involved politics much dirtier than those found today. Wood was getting away with his Gestapo-like activities because he was backed by Stanton, who in turn was backed by the Radical Republicans who controlled Congress. The Radical Republicans are best known for having passed the Reconstruction Acts that almost destroyed the defeated Southern states. The acts had placed the former Confederate states into five military districts, each ruled by a U.S. Army general who received his orders from Stanton. The harshness of this situation delayed the nation's healing for a decade.

President Johnson fought the Radical Republicans but lost at every turn. Stanton locked himself in his office, the building surrounded by some of the 900,000 Army troops under his control. It was a perilous situation for our nation.

When Johnson tried to replace Stanton with a man of his own choosing, Congress passed the Tenure of Office Act, which prohibited the president from replacing any cabinet officer. On Aug. 12, 1867, Johnson demanded that Stanton resign, but he refused to do so. Johnson then suspended him, but the Senate refused to accept the action.

The determined Johnson appointed a new secretary of War on Feb. 2, 1868, and ordered Stanton to vacate his office. This act led the House of Representatives to impeach Johnson, and Washington waited anxiously for the trial in the Senate to begin.

Horstman's document fills in the gaps of this feud between Stanton's supporters in Congress and President Johnson. Wood was still arresting hundreds of innocent people and equally corrupt judges were handing out ridiculous sentences. Jails were packed with people whose relatives were outraged and threatening to revolt.

At some point Johnson and his loyal Attorney General, Henry Stanbury, came up with a novel solution. Since they could not stop the arrests, Johnson would grant pardons as quickly as the Justice Department could process the documents. This only angered the Congress, which passed a resolution ordering the president to provide a detailed list of all the pardons he had issued from the day he took office to the current date.

The order from Congress backfired because Johnson's report of 61 pages was much more than a simple list of names. It detailed the pardons granted to 125 persons living in 20 states and the District of Columbia. There was no real criminal among them, only "little people" who probably had no idea they had possessed a counterfeit note.

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At top is the genuine 50-cent Fractional Currency note featuring the portrait of Francis E. Spinner, Treasurer of the United States. Below it is an outstanding counterfeit that differs only in the facial expression of Spinner. Thousands of these copies were easily passed into circulation because no one expected counterfeiters to bother with such small denominations. A printing plate was not created by one person. An engraver who specialized in lettering did that portion, while another who specialized in portraits did that part. It was much easier to do accurate lettering than it was to render an exact copy of an engraved portrait. For that reason, counterfeit notes can usually be detected by flaws in the portrait.

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They had received it in the marketplace and had simply passed it on. Incredibly, most of the notes were only Fractional pieces, typically the 50-cent note which was extensively counterfeited.

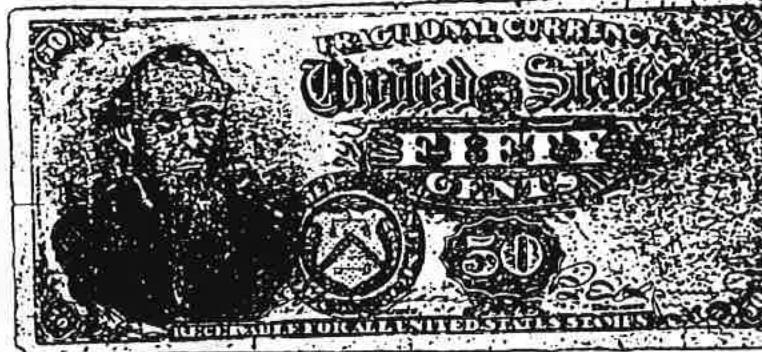
Perhaps the most outrageous arrest was that of Antonio Rasa, who had done nothing except reside in a tenement house where agents said they had found some counterfeit bills. Nobody in the building had known anything about the notes and Rasa had had none in his possession. Nevertheless, he had been arrested and charged with actually making the bogus bills. Convicted, the almost illiterate and ternsied Rasa was sentenced to six years in prison. Several people expressed outrage and petitioned the president. Johnson complied and Rasa was released after serving only 30 days.

Those who read the report saw immediately that Wood and his agents had violated the civil rights of hundreds of people. Judges, apparently anxious to please their political sponsors, had imposed sentences that were outrageously severe. Johnson was especially sympathetic to those who had served and been wounded in the Civil War, or whose families had been left destitute when they had been drafted. The public applauded these actions.

During all this, Wood was collecting reward money for the counterfeit plates

he recovered while on duty. It was rumored that he spread the reward money around in order to acquire more plates. A typical case involved one Thomas Ira Johnson. As reported by the Pardon Clerk, the details made devastating reading:

"Johnson was arrested near Indianapolis in August 1864 by detectives, taken to Washington, D.C. where he was confined in the Old Capitol Prison, then under the charge of Colonel Wood, now Chief of the Secret Service Division of the Treasury Department. He was there confined until June or July, 1865 when he was returned to Indianapolis and turned over to the civil courts for trial. Three terms of the United States court passed before he was brought to trial; when, in June 1866 he was arraigned, found guilty and sentenced to seven years' imprisonment. He was recommended for pardon by many citizens, on account of his long 'unwarrantable and illegal' confinement in the Old Capitol, the length of time he has been confined at hard labor, his uniform good conduct during confinement, his comparative youthfulness, and his determination to lead in the future a virtuous life.



These two counterfeits of Fractional Currency circulated for some time before being detected. The 25-cent note features a portrait of William P. Fessenden, Secretary of the Treasury in Lincoln's cabinet. The 50-cent note has a portrait of Edwin M. Stanton, Lincoln's Secretary of War. In both cases, the lettering is excellent but the portraits are inferior to the genuine. The public paid no more attention to its paper money in those days than it does today, so counterfeiting flourished.

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Kilgore, United States Attorney for Indiana, and recited the facts in the case. It seems that the plate was so valuable that Colonel Wood was perfectly willing to have Johnson released if that was secured, on the grounds that while said Johnson in propria persona received the punishment, yet the plate, being in the hands of skillful counterfeiters, the whole country would suffer thereby by having its issues thrown upon the mercantile

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community. Mr. Kilgore, United States Attorney, made the surrender of this plate a condition precedent even to the examination of the case. The plate was secured, returned to the Solicitor of the Treasury, and is now in the custody of Colonel Wood. This is an important capture, so much so that the District Attorney, Mr. Kilgore, now recommends the pardon of Johnson, confident that he will hereafter lead an honest life. In consideration of the whole case, I think Johnson should be pardoned, on giving bonds of future good behavior.

"Respectfully submitted: F.C. STITT, Pardon Clerk.
"Pardon August 22, 1867."

Other entries in the document clearly show a pattern of abuse in which poor and uneducated citizens, many in poor health, were arrested by Wood and his men. Without funds to hire defense counsel they were at the mercy of an utterly corrupt establishment. Safeguards against this sort of thing are in place today, of course, and the likes of William Wood are not likely to be placed in positions of authority.

President Johnson submitted his report to the Congress on Feb. 19, 1868. Many people were sickened by the details, but they hardly had time to react



As soon as the first U.S. paper money was issued, counterfeiters immediately copied it. The genuine United States Notes of these designs were beautifully engraved and printed by private bank note contractors in New York City. The counterfeit versions shown here had excellent lettering but poor pictorial elements, the portrait of Lincoln being very inferior. Counterfeiters usually did not have access to the high-quality paper on which genuine notes were printed, so spurious notes would not have withstood careful examination. In spite of their defects, the counterfeits circulated widely and caused much distress for the U.S. Treasury Department.

before the House voted to impeach the president for violation of the Tenure of Office Act. The Senate then conducted a trial but failed to convict by a single vote.

With the trial over and Johnson secure in the White House, Wood knew that Stanton's days were numbered. In 1869 Wood was "asked to resign," a polite term for being fired. A new director named Herman C. Whitley took over and cleaned house. The Secret Service eventually grew to be the fine agency it is today.

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Thomas Ballard received title 'Prince of Coney Men'

By Brent Hughes

The expense of fighting the Civil War forced the U.S. government to issue paper money for the first time. Career counterfeiters who had copied private bank notes in previous years simply switched their attention to the new government issues, causing much concern at the Treasury Department.

It soon became obvious that if the criminals who were turning out the copies were to be arrested, it would have to be by government agents. President Lincoln asked Secretary of War Edwin Stanton to oversee the effort, and Stanton assigned the job to his friend William Wood, superintendent of the Old Capitol Prison in Washington, D.C. Wood proved to be an utterly corrupt individual, but he managed to hold on to his lucrative job until Stanton was finally forced out of office in 1869.

Thus the early days of the U.S. Secret Service could be described as hectic, as political hacks sat at headquarters directing so-called field agents in making arrests. This changed with Wood's ouster, however, and the agency was reborn when a new chief, Herman C. Whitley, took over. He cleaned house at headquarters and dismissed most of the field agents.

One of Whitley's first acts was to move his headquarters to New York



Thomas Ballard

City where most of the counterfeiting was taking place. During the next three years, Whitley's men arrested more than 1,200 suspects and essentially broke the back of the spurious note industry.

In later years Whitley said that the arrest which gave him the most pleasure was that of Thomas Ballard, alias Thomas Avey, Thomas Weston and Tom Davis. In those days people would call today a "crime family," Ballard was called a

When John S. Dye published his book about notorious counterfeiters in 1880, he used traditional woodcut portraits of each man. These quaint portraits may have originally been published in newspapers which, in those days, had to go through an elaborate process in order to print what they called "pictorials." "Frank Leslie's Illustrated Newspapers" and "Harper's Weekly" were leaders in this art form.

"prince," a man who could do it all by using his superior mind. Some of his contemporaries said that Ballard practiced fraud as a fine art, a great compliment in the strange world of the "coney men."

The Ballard parents were originally from Boston but evidently moved to New York City where Mr. Ballard could engage in his profession of carriage striping. At that time there were several carriage factories in the city that catered to the many wealthy families residing there. These families had one or more elegant horse-drawn

SCIENTIFIC COUNTERFEITING; OR, FRAUD AS A FINE ART.

BIOGRAPHY OF THOS. BALLARD,

ALIAS

THOMAS AVEY, ALIAS THOMAS WESTON,
ALIAS TOM DAVIS,

"THE PRINCE OF CONEY MEN."

John S. Dye liked to give fancy titles to his "great counterfeiters" in the introductory pages of their biographies. Thomas Ballard thus became "the prince of coney men," the latter term being the slang expression for criminals who engaged in counterfeiting. The word "scientific" was used to describe Ballard's use of the sciences of that era to imitate the U.S. government's security paper. Ballard was constantly studying in an effort to gain more efficient production of counterfeit paper money.

vehicles to transport them around town. The carriages were finished with several coats of shiny black lacquer accented with stripes and scrollwork in pure gold leaf. Many were personalized with



The U.S. government's first \$20 bill was designed, engraved and printed by private bank note contractors in New York City. This counterfeit version might be considered a reasonable copy, but it had multiple defects. Note that the counterfeiter carelessly printed the serial number 966332 upside down but still passed the note into circulation.

ornate gold leaf monograms on the doors. In a sense, these carriages were the Rolls-Royce limousines of their day.

The Ballards had five sons. The first was named Thomas, followed by John, William, Benjamin and George. As each boy became a teenager, the father took him to the factory and taught him the basics of gold leaf work. Only Thomas seemed really interested, and by the time he reached 18 he was turning out beautiful work for Henry Hinman, a carriage builder with a factory located at 48 Lower Broadway.

Hinman was related by marriage to a shrewd operator named Joshua D. Miner, a skilled politician who knew the city fathers and made a fine living supplying sand and gravel to the city. Very few people knew that he had another interest that paid even better - Miner was deeply involved with counterfeiting of paper money.

At some point Miner decided he needed a more elegant carriage and Hinman got the contract. As the vehicle was being finished, Miner followed its progress. Tom Ballard had just finished the stripes and scrollwork and was working on the elaborate JDM monogram when Miner arrived. Ballard made the work look so easy that Miner realized immediately that the young man would make a superb engraver and offered to pay for the course. The two men grew close and a few months later Miner had his own skilled engraver ready for his first assignment.

Miner was the money man behind several counterfeiting rings. His distributor was the notorious Harry Cole, and the two soon had Tom Ballard engraving a plate to print spurious \$2 bills of the National Shoe and Leather Bank of New York City. They soon promoted him to produce a plate to make \$20 bills of the same bank.

With the beginning of the Civil War, Miner and Ballard were caught up in what was called "the excitement, change, hurry and confusion" of the era. The U.S. Treasury was issuing an array of financial papers and counterfeiters were busy copying them. The money was rolling in and Ballard knew that this would be his life's work.

Hinman was brought in as a manager to launder the profits through his

carriage business while Miner made sure that the police were kept at bay. For several years New York City was the center of counterfeit activity and Miner was one of the major players.

In July 1871, Ballard and Julia Avey were married in a splendid ceremony. The bride and her family knew nothing of Ballard's illegal activities, but they must have been fascinated at the amount of money a carriage painter was paid. The newlyweds bought a house at 225 W. 53rd St. and settled down.

Early each workday, Ballard left his home and headed toward the carriage factory. At some point he detoured to a house at 256 Rivington Street, where he joined his brother John in producing counterfeit notes. John, who was still single, brought in his aunt, Ann Adams, to serve as housekeeper. She knew what the men were doing, of course, but she confined her activities to keeping house and serving a hot lunch to her nephews. Other members of the Ballard family came in to help out as needed.

Tom was always studying. He learned chemistry, metallurgy, electricity, photography and paper making, at least as far as they could be used in making counterfeit money. Family members might assist, but Tom was the leader. Paper was the problem, especially after the government arranged for the Glenn Paper Mills of West Chester, Pa., to make a special paper for U.S. paper money. Ballard was able to take fine white bond paper available to all printers and alter it chemically to almost match the government product.

The items produced by the Ballards confounded Treasury experts, but they had no idea who the maker was. Miner and Ballard did not realize that when Herman Whitley took over as chief of the U.S. Secret Service that things would change drastically. The New York police who had not shared the reward money collected by the first head of the Secret Service, William Wood, now found that Whitley was anxious to pay for solid leads. The result was that both Whitley and the police gradually developed an intricate system of confidential informants who were anxious to earn some money. It

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was this network of informants that eventually had the counterfeiters suspecting each other.

When Whitley learned through an informant that hard-as-nails Harry Cole had gotten into a violent argument with his financial backer, he suspected Joshua Miner. When questioned about the matter, Miner indignantly denied even knowing Cole, but when Whitley showed him his surveillance log, he realized that he was in deep trouble. As he was frantically searching for some way out, Whitley quietly suggested that the Secret Service was primarily interested in the plates. Miner quickly suggested that Cole had hidden them in Quakerstown, Pa., but at that point both Miner and Cole declined to talk further on advice of their lawyers.

While this was going on, Andrew J. Drummond, Whitley's efficient agent in-charge of the Eastern District of Pennsylvania, caught one David Kilbride with a wallet full of counterfeit money. Under pressure he squealed on a liquor dealer named David Kean who had a deep fear of going to prison. Playing on this, Drummond got Kean to agree to help him trap the others, including the slippery Miner. The carefully planned sting operation resulted in the arrest of Miner, Cole and Ballard after Secret Service agents discovered their printing plants in houses at 250 Rivington and 138 W. 54th. The agents

needed several wagons to haul away the confiscated contents of the buildings. Their inventory sheets illustrate their success:

October 26, 1871

Counterfeit plates as follows:

\$1,000 U.S. Treasury Note, unfinished.
\$20 Greenback, back and front plates, finished.
\$10 National Banks of Poughkeepsie, N.Y.
\$10 plate, back of above note.
\$2 skeleton plate for National Banks.
Lincoln head 50¢ fractional currency, full set.
Second set of the same, very superior.
Stanton head 50¢ fractional currency, plate for seven-note sheet.
Second set on steel for 10-note impression.
Third set on copper for five impressions.

Other items:

Transfer roll for above except the \$1,000 unfinished plate.
Ten full sets original bed pieces for making transfer rolls.
Transfer press, cost \$10,700.
Transfer press, cost \$1,200.
Two large presses for printing bills.
Two smaller presses for printing bills.
Large quantity of types for changeable bank title lines.
Two full sets of engravers' tools.
Ink, rolls and press blankets.
Full set of Treasury seals for stamping red seals on notes.
\$15,000 in counterfeit money, in denomina-

tions of \$2, \$5, \$10, \$20 and \$100.
150 pounds of counterfeit fiber paper and complete appliances for making same.

Whitley, Drummond and their agents were elated at their success, but their happiness might have been dampened had they known that the wily Ballard had hidden away electrotypes of his plates in anticipation of such a raid. Later he would use these electrotypes to print more counterfeit notes.

Apparently Miner was released on bail, but Ballard found himself sitting in a miserable jail cell. He detested confinement and on the night of Nov. 15, 1871, he and two cellmates escaped under mysterious circumstances. The Secret Service posted a \$5,000 reward for his capture, but Ballard eluded authorities for three years.

Miner's trial was a farce. With Tom Ballard gone, the prosecution tried to use Cole and John Ballard as witnesses. The jury was not impressed and Miner walked out a free man.

Tom Ballard spent the winter in the Florida sun before heading back to New York. He painted carriages again as he quietly moved from Long Island to Reading and Middleton, Pa., then to Rome, Rochester and Buffalo, N.Y.

In September of 1873, experts at the Treasury Department detected some counterfeits of the \$500 U.S. Treasury Note. They grudgingly admitted that they were equal or superior to the genuine issue and had to be the work of

Ballard. They traced the bills to Buffalo but found no trace of their maker. Things then became quiet for the next nine months.

In the summer of 1874, a man named Jeremiah Reed walked into a police station in Buffalo asking to speak to a Secret Service agent. The officers smelled reward money and asked why he needed a government agent. Reed told them that a counterfeiting ring was operating in Buffalo and he wanted to put it out of business. Only after the officers determined that the \$5,000 reward was still being offered for Ballard did they notify the Secret Service.

Three months later Secret Service agent Gilbert Perkins came up from Washington to supervise the hunt. On Sept. 30, Perkins and an assistant named Reynolds arrested two men in Michigan who had several counterfeit notes of the Farmers and Mechanics National Bank of Buffalo. The suspects were soon identified as Benjamin Ballard and Oscar Finch. A few days later William Ballard was arrested in Lockport, N.Y., and George Ballard was captured in Buffalo.

George cut a deal — if the agents would go easy on him, he would point out where Tom Ballard lived. An arrangement was made and the next morning a squad of agents with search warrants pounded on the door of the cottage. They heard a lot of movement inside but no one opened the door.

Then an agent who was standing in

the yard looked up to see a man emerge from a second floor window and onto the roof. Only when a bullet whizzed past his head did Tom Ballard come down and meekly surrender.

Inside the home the agents found Aunt Ann Adams, still keeping house for her nephews. With her was a woman identified as Julia Ann Britton, alias Elizabeth Britton. The house turned out to be a smaller version of the operation the Secret Service had dismantled in New York City. On the presses were the long-sought electrotype plates, one of which was the \$2 bill of the West Chester County National Bank of Peekskill, N.Y.

Again Tom Ballard found himself in jail but not for long. Finding an old nail on the floor, he used it to pick the lock of his cell door and escaped. He took a train to Cortland where he sent a telegram to Joshua Miner asking for funds. The Secret Service intercepted the wire, sent the money and when Ballard went to the telegraph office to collect it, collared him. Again he was put in a cell.

On Jan. 16, 1875, Tom and four other inmates tied their bed sheets together to form a rope and slid down it to freedom. Two days later they were caught. At trial this time the luck of the Ballards ran out. Tom was sentenced to 30 years in prison, Benjamin to a long term in Michigan, his wife was sentenced to serve five years in New York. William joined Tom at Albany and George was paroled. Only John managed to stay free.

Tom Ballard tried several times unsuccessfully to get his sentence reduced by offering to help the Treasury Department in its search for anticounteighting measures. He grew more and more despondent and on July 14, 1878, tried to commit suicide. Prison doctors saved him only to have him try again on April 16, 1879. He died from natural causes about six years later.

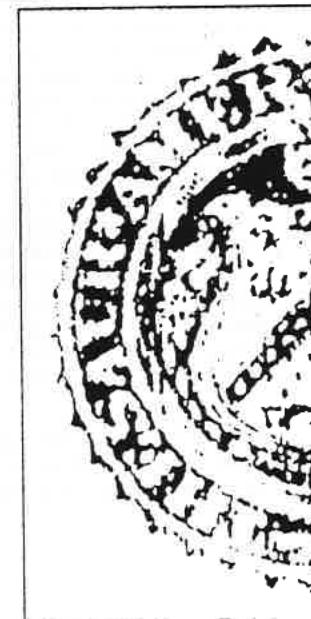
With his superior intelligence, Thomas Ballard could have accomplished great things in any number of fields. Instead he chose to be a criminal. His only claim to "fame" is that he is listed in a book written by Inspector Thomas Byrnes, Chief of Detectives of New York City from 1880 to 1895. The title of the book is *Rogues' Gallery, 247 Professional Criminals of 19th Century America*.

Sources:

Dye, John S., "The Government Blue Book, A Complete History of the Lives of all the Great Counterfeiters, Criminal Engravers and Plate Printers," Philadelphia, 1880.

"Excerpts from the History of the United States Secret Service, 1865-1975," U.S. Treasury Department, Washington, D. C., 1978.

Hughes, Brent, "Thomas Ballard, Genius Counterfeiter," "Paper Money," official publication of the Society of Paper Money Collectors, September/October 1991 issue.



In its publications such as "Know Your Money," the Treasury Department used split illustrations like these. In each case, the sharply defined details of the genuine note are on the right while the poorly defined details of the counterfeit are on the left.